

**Before the
National Telecommunications and Information Administration
Department of Agriculture – Rural Utilities Service
Washington, D.C.**

In the Matter of

DEPARTMENT OF COMMERCE)	
NATIONAL TELECOMMUNICATIONS)	
AND INFORMATION ADMINISTRATION)	
DEPARTMENT OF AGRICULTURE)	Docket No. 090309298-9299-01
RURAL UTILITIES SERVICE)	
JOINT REQUEST FOR INFORMATION)	
AND NOTICE OF PUBLIC MEETINGS)	

COMMENTS OF THE



**BROADBAND DEVELOPMENT CORPORATION
TO NTIA AND RUS**

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April 13, 2009

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**COMMENTS OF THE
BROADBAND DEVELOPMENT CORPORATION**

The Broadband Development Corporation (BDC) hereby submits its comments in the above-captioned proceeding.

BDC was founded on an unparalleled commitment to corporate ethics, transparency, and conservative cash management. BDC's provides a total solution approach to mapping, designing, building and maintaining net-neutral, multi-technology broadband networks in rural, underserved, and un-served areas throughout the United States as well as a strong, public interest focus on distance learning, telemedicine, and community development.

I. INTRODUCTION AND SUMMARY

The NTIA, RUS, and FCC have a tremendous opportunity to realize the vision of bringing the benefits of broadband access to all of America. The Recovery Act's broadband program can stimulate job creation and spur economic development immediately and for years to come.

In testimony to the House Committee on Energy and Commerce Subcommittee on Communications, Technology, and the Internet, Mark G. Seifert, Senior Advisor to the Assistant Secretary of the NTIA, noted a number of guiding principles and goals of the Act, including that "Communications networks help improve the efficiency of virtually every sector of the economy. The Obama Administration is committed to harnessing the power of broadband technology to stimulate economic growth, create jobs, and help lay the foundation for long-term prosperity for all Americans."

To meet the statutory mandates of The Recovery Act, the Administration set five goals as follows:

- Create jobs
- Close the broadband gap in America.
- Stimulate investment by requiring grantees that take Federal money to invest their own funds as well.
- Take steps to ensure that our schools, universities, libraries, community centers, job training centers, hospitals, and public safety personnel have high-speed access.
- Encourage the demand for broadband.

The Broadband Technology Opportunities Program (BTOP) allocates \$4.7 billion dollars to the NTIA for the general purpose of accelerating the deployment and adoption of broadband services. There are many laudable goals for the BTOP, including broadband deployment in unserved and underserved areas, broadband access for public safety agencies, and driving

broadband demand. All of this must be done while protecting the taxpayers' investment.

As Seifert noted, "One of the biggest challenges we will face is deciding which applications to fund." The Recovery Act has given guidance as to how this can be done, namely considering applications that increase the affordability of, and subscribership to, service to the greatest population of users in an area; whether the application will enhance service for health care delivery, education, or children to the greatest population of users in an area; and whether it will not result in unjust enrichment as a result of support from another Federal program in the area.

Ultimately, the program and winning applications must build a 21st century communications infrastructure that implements the best-available technologies to the greatest population of users in an area.

As we stand at the precipice of this enormous public works opportunity, many analogies have been drawn between the BTOP and the New Deal-era rural electrification program. Many important lessons can be drawn from our nation's rural electrification program to assist in a responsible, forward-looking broadband deployment.

First, simply 'connecting' users is not good enough. While our nation was 'electrified', years later we are dealing with a patchwork grid system with much inefficiency. We must deploy broadband access knowing that new technologies are around the corner, and provide enough flexibility within the system we deploy. This will be met not with a one-size (technology)-fits-all approach, but rather, by using multiple technologies to reach certain areas. Providing broadband access in one area may be done with DSL build out, where other areas may require Broadband-Over-Power Lines (BPL) or wireless.

Second, once these broadband networks are built, the users must understand how to take advantage of these services to build demand. The constructors and operators of these networks must provide assistance to the user for accessing services—job and economic development,

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healthcare, education, to name a few—and work with the local communities to maximize the value of this investment.

Finally, these newly-deployed systems must be managed, operated, and maintained. This could cause problems for NTIA and others in administering the system. A cost-effective approach is to find a prime/general contractor who will incorporate best technology, services, and practices to ensure that the new broadband system is effective for users.

II. COMMENT REGARDING THE PURPOSES OF THE GRANT AND LOAN PROGRAMS OF THE RECOVERY ACT.

Broadband access can create sustainable jobs and the U.S. Federal Government has assigned significant funds to expand broadband networks to rural and underserved areas. BDC recommends that the following set of principles to the USDA, NTIA and the FCC in executing their broadband programs.

1 – Define “Net Neutrality”.

Net neutrality should be defined as a broadband network free of restrictions on content, sites, platforms, attached equipment, and the modes of communications.

2 – USDA, NTIA and the FCC need to work together.

In the recent paper by Dr. Katz and Dr. Suter entitled, *Estimating the Economic Impact of the Broadband Stimulus Plan*, recommends the US Federal Government “Centralize program evaluation and grant allocation” regarding the 2009 Stimulus Act. To ensure the greatest economic impact, the USDA, NTIA and the FCC should establish an oversight board to coordinate efforts in developing a national broadband plan and expanding the current networks into rural and underserved areas. This oversight board should then select a prime vendor to review all proposals and to present budgets and plans before the board. By selecting a prime vendor to review initially assess expansion projects, the board can evaluate the plans and budgets in context of the Stimulus Act (economic growth and creating sustainable jobs). By coordinating the efforts of the USDA, NTIA, and the FCC, they will be better positioned to monitor spending, results, and develop and execute a national broadband plan.

3 – Work with Other Agencies.

As the USDA and NTIA build broadband networks through rural and underserved areas and the FCC develops a national broadband plan, there is an opportunity for other agencies to partner with this initiative. These opportunities include:

- Department of Homeland Security – Remote cameras and monitoring equipment along the coast and borders.
- Department of Energy – Remote monitoring for radiation.
- National Oceanic and Atmospheric Administration – Remote weather monitoring.
- Department of Transportation – Intelligent transportation system project.

- AMTRAK – Elimination of “Dark Areas”.
- Department of Education – Providing career education and online classes.

4 – Select a Prime Contractor.

The oversight board should then select a prime contractor to review all proposals and to present budgets and plans before the board. By selecting a prime contractor to review initially assess expansion projects, the board can evaluate the plans and budgets in context of the Stimulus Act (economic growth and creating sustainable jobs).

The role of the prime contractor will be divided into four primary areas:

1. Evaluate each expansion project for a social and economic return on investment. The prime contractor should be responsible for working with each state that has a broadband expansion programs and assist states that do not with developing programs by utilizing best practices. The prime contractor should also be responsible for initially assessing each project under the program to ensure the most appropriate technology is utilized and presenting recommended projects to the oversight board for evaluation and approval.
2. Construct multi-platform broadband networks. After the oversight has approved a project, the prime vendor should be responsible for constructing the broadband network. When constructing the broadband network, the prime contractor may be connecting to an existing network or building a stand-alone service area.
3. Manage and service broadband networks. The prime contractor should be involved in the management of network subscribers in one of the following roles:
 - a. The prime vendor will design, construct, manage, and service broadband, net-neutral networks in rural and underserved areas. Subscribers will pay the prime vendor directly.*
 - b. The prime vendor will add on to an existing broadband operator by designing and constructing a network addition. Subscribers would pay the local operator, however plant maintenance and service would be performed by prime vendor. The local operator would pay a fee to the prime vendor for the initial construction as well as the maintenance and service.*
 - c. The prime vendor will add on to an existing broadband operator by designing and construction a network addition. All management and service would be the responsibility of the operator. The local operator would pay a fee for the initial construction.*

* A portion of all fees paid by the subscriber for the initial construction would be repaid to the Federal Government.

5 - Career and education assistance.

The prime contractor should partner with career and online education partners to assist subscribers in finding and applying for open positions.

There are currently several small companies that could fill this role as prime contractor and this should be designated as a “small business set aside”. The contract should be either a five year contract or a one year, with four annual renewals.

6 – Receiving funding from the Stimulus Act.

To ensure the funding is solely utilized for the projects stipulated in the Stimulus Act, special requirements should be added to those receiving the money. Recently, President Obama spoke about this importance at the White House.

"The American people are watching," on February 20, 2008, President Obama told a meeting of U.S. mayors at the White House. "They need this plan to work. They expect to see the money that they've earned — they've worked so hard to earn — spent in its intended purposes without waste, without inefficiency, without fraud." "If a federal agency proposes a project that will waste that money, I will not hesitate to call them out on it, and put a stop to it," he added. "I want everyone here to be on notice that if a local government does the same, I will call them out on it, and use the full power of my office and our administration to stop it."

The government should require companies to comply in three areas before accepting any money.

1. Full Disclosure – Any business receiving money should fully disclose how every dollar had been spent to the US Government and the American people by posting each journal entry to their account on the internet. If funding is utilized for any portion of a project, then all funds for the entire project should be disclosed.
2. Ethics Program – Any business receiving money should comply with an Ethics policy with the following minimum requirements:
 - a. A detailed ethics policy and an independent member of the board of directors chairing the Compliance and Ethics subcommittee of the Board.
 - b. A limit of personal gifts (including meals, entertainment, promotional items, etc.) of \$100 per any vendor or potential vendor in a calendar year.
 - c. A detailed travel and entertainment policy, including a policy to require all employees (including executives) to book flights in a coach class while travelling within the continental 48 states and in coach or business class when traveling outside the continental 48 states.
3. Executive Compensation Restrictions – All companies receiving funds should also be required to limit all compensation of executives and employees similar to the restrictions imposed on recipients of TARP funds.

6 – Repayment Program

By constructing broadband networks, broadband operators have an asset with a fairly consistent revenue stream. Because the networks are to be built using grants and loans, the operators have a responsibility to repay the taxpayers a portion of the profits or reinvest those profits in expanding the program to other areas. These assets belong to the American Taxpayer, not the shareholder of the broadband operator.

7 – Focus on States with Existing Broadband Expansion Programs.

Over 18 states have current broadband expansion programs and partnerships to drive connectivity for rural and underserved areas. These initiatives from the states have included tax incentives, bond offerings, grants, direct investments, and loans. Through the programs, several best practices have been identified but not communicated to other states. The prime contractor should be an advocate and catalyst for communicating these best practices to states that have programs and other states that will start initiatives.

8 – Multi-Technology Approach

With the social and geographic challenges of each community, technology demands will differ and the prime contractor should be capable of reviewing needs and implementing the appropriate network platform. The prime contractor should also act as an independent assessor in assessing the most cost-effective solutions and working with operators that serve surrounding areas. Lastly, the USDA and NTIA should “consider deployment not only on unserved and underserved areas but also in regions where the possibility of developing regional growth, in coordination with broadband deployment, could act as a magnet to stimulate relocation, firm creation, and, consequently, jobs.” (*Estimating the Economic Impact of the Broadband Stimulus Plan*)

9 – Outreach and Assistance Programs

A primary goal of the Stimulus Act is to create sustainable jobs and the USDA and NTIA should adequately fund programs to provide outreach and assistance programs.

1. An online resource and support to assist job seekers in creating a resume, utilizing the internet to find and apply for positions, and develop interviewing skills.
2. If an employee is currently on unemployment or severance, they should be provided free broadband services (if federal money was used to build the network).
3. An online resource and support in career development and education.

10 – Educate Business & Communities on the Advantages of Broadband

Current research has shown that broadband may enable employers to off-shoring jobs and relocate functions. The USDA and NTIA should utilize funds to communicate business and communities on best practices that work in keeping and creating jobs. This should include:

1. Virtual Call Centers.
2. Telecommuting.
3. Disaster Recovery.
4. Online Banking and Financial Services.
5. Marketing businesses beyond local geographic areas.

III. Conclusion

The NTIA, RUS, and FCC have a tremendous opportunity to realize the vision of bringing the benefits of broadband access to all of America and create sustainable jobs as well as a responsibility to not repeat the mistakes in building a national power infrastructure. Therefore, BDC is recommending the NTIA, RUS, and FCC utilize a “prime contractor” to manage this program. The role of the prime contractor should be divided into five primary areas:

1. **Evaluate each expansion project for a social and economic return on investment.** The prime contractor should be responsible for working with each state that has a broadband expansion programs and assist states that do not with developing programs by utilizing best practices. The prime contractor should also be responsible for initially assessing each project under the program to ensure the most appropriate technology is utilized and presenting recommended projects to the oversight board (NTIA, RUS and FCC) for evaluation and approval.

2. **Construct multi-technology broadband networks.** After the oversight has approved a project, the prime vendor should be responsible for constructing the broadband network. When constructing the broadband network, the prime contractor may be connecting to an existing network or building a stand-alone service area.
3. **Manage and service broadband networks.** The prime contractor should be involved in the management of network subscribers in one of the following roles:
 - d. The prime vendor will design, construct, manage, and service broadband, net-neutral networks in rural and underserved areas. Subscribers will pay the prime vendor directly.*
 - e. The prime vendor will add on to an existing broadband operator by designing and constructing a network addition. Subscribers would pay the local operator, however plant maintenance and service would be performed by prime vendor. The local operator would pay a fee to the prime vendor for the initial construction as well as the maintenance and service.*
 - f. The prime vendor will add on to an existing broadband operator by designing and construction a network addition. All management and service would be the responsibility of the operator. The local operator would pay a fee for the initial construction.*

*A portion of all fees paid by the subscriber for the initial construction would be utilized for repayment of loans to the Federal Government.
4. **Business/Community Best Practices.** The prime contractor should develop a program to educate businesses and communities on the benefits of broadband as well as identifying and communicating best practices that have spurred business growth and community development.
5. **Public Program Focus.** The prime contractor should partner with non-profit organizations to significantly improve the following programs:
 - g. Education/Distance Learning
 - h. Computer ownership/literacy.
 - i. Interoperable broadband communications systems for public safety and emergency response.
 - j. Healthcare delivery.
 - k. Veterinary care delivery
 - l. Career education.

In closing, BDC supports the Commission in developing criteria on the development and deployment of a national broadband network and encourages the NTIA, RUS, and FCC in reviewing the benefits of a prime contractor because the proper resources do not currently exist to attack this aggressive initiative.

Respectfully submitted,

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